

[SIDBI EXAM 2016]

SIDBI

SIDBI: Small Industries Development Bank of India is an independent financial institution aimed to aid the growth and development of micro, small and medium-scale enterprises (MSME) in [India](#).

Set up on April 2, 1990 through an act of parliament, it was incorporated initially as a wholly owned subsidiary of [Industrial Development Bank of India](#). Currently the ownership is held by 33 Government of India owned / controlled institutions.

Beginning as a refinancing agency to banks and state level financial institutions for their credit to small industries, it has expanded its activities, including direct credit to the SME through 100 branches in all major industrial clusters in India.

Besides, it has been playing the development role in several ways such as support to micro-finance institutions for capacity building and onlending. Recently it has opened seven branches christened as Micro Finance branches, aimed especially at dispensing loans up to ₹5 lakh.

It is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities.

Purpose: to provide refinance facilities and short term lending to industries.

Headquarter: Lucknow. .

Chairman and MD: Dr. Kshatrapati Shivaji

Pradhan Mantri Mudra Yojana (PMMY): under the [Micro Units Development and Refinance Agency](#) (MUDRA) Bank is a new institution being set up by Government of India for development and refinancing activities relating to micro units. It was announced by the Hon'ble Finance Minister while presenting the Union Budget for FY 2016. The purpose of MUDRA is to provide funding to the non corporate small business sector

Under the scheme, Pradhan Mantri Mudra Yojana three categories of interventions has been named which includes

1. **Shishu** :- Loan up to ₹50,000 (US\$750)
2. **Kishore** :- Loan ranging from ₹50,000 (US\$750) to ₹5 lakh (US\$7,500)
3. **Tarun** :- Loan above ₹5 lakh (US\$7,500) and below ₹10 lakh (US\$15,000)

These three categories will signify the growth; development and funding needs of the beneficiaries as well as it will assure the loan amount to be allotted by **Micro Units Development and Refinance Agency Bank**.

MUDRA Bank: Micro Units Development and Refinance Agency Bank (or MUDRA Bank) is a public sector financial institution in India. It provides loans at low rates to micro finance institutions and non-banking financial institutions which then provide credit to MSME's. It was launched by Prime Minister Narendra Modi on 8 April 2015.

The bank will have an initial corpus of ₹200 billion (US\$3.0 billion) and a credit guarantee fund of ₹30 billion (US\$450 million). The bank will initially function as a non-banking financial company and a subsidiary of the Small Industries Development Bank of India (SIDBI). Later, it will be made into a separate company. It will also serve as a regulator for other micro-finance institutions (MFIs) and provide them refinancing services. It will provide guidelines for MFIs and give them ratings.

Eligible to borrow from MUDRA bank:

- Small manufacturing unit
- Shopkeepers
- Fruits / Vegetable vendors
- Artisans